

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6321

BILL NUMBER: HB 1036

DATE PREPARED: Nov 16, 2000

BILL AMENDED:

SUBJECT: Appropriation of Local Riverboat Revenues.

FISCAL ANALYST: Jim Landers

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: The bill requires that the Gary City Council consider separately each proposed capital project to be financed by pledging Riverboat Admissions Tax or Riverboat Wagering Tax money to the payment of bonds, leases, or other obligations. The bill also requires that the Gary City Council pass a separate ordinance appropriating Riverboat tax money for each capital project that is financed by pledging such tax money to the payment of bonds, leases, or other obligations.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill could potentially increase the overall cost to Gary of issuing bonds for capital projects when the bonds are backed by revenue from the Riverboat Admissions Tax or the Riverboat Wagering Tax. If, as a result of the bill, Gary would utilize more than one bond issue to finance these capital projects instead of financing them with a single bond issue, the total issuance costs to Gary would likely increase. Issuance costs associated with the planning and sale of a bond issue typically include financial advisor and bond counsel fees, printing and advertising costs, rating agency fees, and other expenses incurred in marketing a bond issue. Bond issuance costs do not vary with the monetary value of the bond issue, but are incurred for each separate bond issue that might be executed. Consequently, a city would incur higher total issuance costs by executing two separate bond issues to finance five capital projects than if the city executed a single bond issue to finance those same five capital projects.

Background: The bill does not require a separate bond issue for each capital project financed by Riverboat tax revenue. However, the requirements (1) that each capital project financed by Riverboat tax revenue be considered separately and (2) that Riverboat tax money pledged to bonds be appropriated separately for each

project could lead to multiple bond issues if some projects are approved by the City Council rather quickly, and others are held up in deliberation for one reason or another.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: City of Gary.

Information Sources: